

***Feasibility Study***

***Assisted Living Facility***  
***Sullivan County, NH***

*Prepared For:*

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## Contents

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Section	Page
Executive Summary .....	1
Introduction .....	3
Methodology .....	4
Market Trends .....	4
Existing Market Conditions .....	7
Overview	
Product Observations / Pricing	
Inventory Summary	
Market Potential .....	11
Architectural Program, Cost Estimate .....	14
Building and Land Use Characteristics .....	15
Planning Questions .....	16
Case Studies .....	18
Ernest P. Barka Assisted Living Community	
Cheshire County Assisted Living at Maplewood	
Granite Ledges of Concord	
John H. Whitaker Place, Penacook, NH	
Lessons Learned	
Findings and Conclusions .....	21
Appendix .....	22

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## Executive Summary

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- **Current system favors assisted living**  
Senate Bill 409 (now Chapter 151:E), enacted into law in 1998, encourages mid-level facilities such as assisted living. The health care industry is responding to this shift.
- **Consumer requirements drive demand**  
The existing and projected size of the senior population, the health requirements for seniors, and their need for housing with a social and medical component drive the demand. Assisted living is a real estate product and is subject to consumer preferences.
- **Resident profile**  
The average age of a person entering an assisted living facility ranges from 80 to 85 years, their length of residency at the facility is approximately 2.5 to 3 years and a significant number have some type of memory loss. Many seniors tend to wait too long before considering a move into an assisted living facility and thus require a greater level of care. The time of entry is difficult to predict and often is a family decision. Providers need to be aware of the staffing requirements for persons with Activities of Daily Living (ADLs) needs.
- **Private-pay dominates market**  
Most assisted living facilities are entirely private-pay. However, many facilities in the Sullivan County, NH and Windsor County, VT market accept Medicaid.
- **Medicaid reimbursement to increase**  
The proposed 2005-06 state budget increases the Medicaid reimbursement level to the \$1,800 - \$2,000 range.
- **Growth is expected in Sullivan County**  
Spillover growth from the Upper Valley and Keene areas, along with the I-89 corridor will fuel growth in Sullivan County.

- **Target market and net demand**

Includes 844 persons 75 years and over with incomes over \$25,000. At present, Sullivan County needs 166 new units of assisted living. For the private-pay component, 45%, or 75 persons, have incomes in excess of \$25,000 and 32%, or 53 persons, have incomes in excess of \$35,000.

- **Demand will increase**

The demand for assisted living will increase as the targeted market is expected to grow by 2% per year for the next 20 years.

- **Facility size**

From discussions with administrators, a facility with 30 beds costing \$3.5 - \$4 million is an optimal size to work financially with a mix of private-pay and Medicaid assistance.

- **Facility location**

Sullivan County officials need to carefully consider and evaluate the positive and negative site characteristics of locating an assisted living facility at the County Complex in Unity, NH.

- **Next step**

Before embarking on this effort, Sullivan County officials need to identify the targeted resident profile (percent of private-pay / Medicaid-pay) and an appropriate and suitable site, as well as conduct a financial due diligence analysis and create a design strategy.

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## Introduction

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The County of Sullivan, its Board of Commissioners and the County delegation have managed and operated the County's Nursing Home at the County Complex in Unity, NH since 1939. The County has a license from the State of New Hampshire to provide nursing home beds for 152 persons, almost all of whom fall into the low and very low-income category. At present, the County Home has an occupancy level of approximately 128 to 130 beds.

Since providing health care services to the elderly, those over 65 years and especially over 75 years, has significantly changed in the last 20 years, state regulators have embraced the concept of a continuum of care. In the fall of 1999, Senate Bill 409, now Chapter 151, became law and expanded the concept of "continuum of care by adding mid-level care, including but not limited to assisted living and residential care services." This legislation encourages those facilities eligible for Medicaid reimbursement for nursing care services to consider more appropriate and less costly mid-level and community-based care, such as assisted living facilities. Chapter 151-E:2 defines the terms as:

*Mid-level care:* Care provided in an assisted living facility, congregate housing, or residential care facility under the medicaid waiver and

*Residential care facility:* A facility, including a supported residential care facility, which provides services to two or more individuals, beyond room and board care, in a residential setting, as an alternative to nursing facility care, which offers residents home-like living arrangements, social, health, or medical services, including but not limited to, medical or nursing supervision, or medical care or treatment by appropriately trained or licensed individuals, assistance in daily living, or protective care.

Chapter 151 along with the State's Long Term Health Care Plan encourages a reduction in the number of nursing home beds and fosters less costly residential and home-based care. The plan's target is to have about 40 nursing home beds per 1,000 persons 65 years and older.

Today, as Sullivan County finds itself in a changing and more complex health care environment, the County seeks additional information on the opportunities for the County to become involved in providing an assisted living facility. Other New Hampshire counties have studied and implemented similar programs. As a result, the Sullivan County Board Commissioners has contracted with Clough Harbour & Associates LLP to determine the market feasibility of establishing this type of facility at the County complex in Unity, NH. This study examines the existing health care environment, market trends, population and income data for seniors, existing conditions for assisted living in the market area (Sullivan County, NH and Windsor County, VT).

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## Methodology

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The consultant reviewed existing studies completed for other similar facilities, Chapter 151 and state health plans, published reports in the field, conducted interviews with representatives from established assisted facilities, larger health care providers and state and county officials. The consultant visited and toured assisted living facilities. The consultant also examined population and income data for Sullivan County in order to determine the number of elderly persons that would need and be suited for such a facility, which is also necessary for Sullivan County to meet the requirements for a Certificate of Need (CON). Published reports and interviews were instrumental in identifying long term market trends affecting assisted living facilities.

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## Market Trends

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The County decision-makers should be aware of the following market trends and external forces as they evaluate this issue:

### Demographics

- The increasing size of the senior population, marital status, living arrangements and health conditions are driving the demand for housing with supportive services. Seniors are remaining healthy and living longer, yet at some point reach a stage where they need assistance with the activities of daily living (ADLs).
- At present, the majority of the residents at these facilities are single senior women. However, there may be an increase in demand for single men and older married couples.
- A majority of these residents, 60% and above, has some type of memory loss condition, oftentimes in its incipient stages.
- The average age of residents ranges from 80 to 85 years and the average stay is 2.5 to 3 years.

**Public involvement**

- The State of New Hampshire controls matters related to the determination of need, case mix, cost controls, reimbursement and other matters relating to the establishment and maintenance of an assisted living facility. (See Chapter 151-E: 1-11 for this information.)
- The increasing size of the senior population and the state policy implies an increasing demand for assisted living facilities.
- In the last 15 years, a private and now public market has evolved to bridge the gap between independent living and skilled nursing facilities. This service has been popular among middle and upper income seniors and the high cost of the product puts it out of reach for seniors in the low to moderate income category.

**Private pay**

- Most assisted living facilities are operated on a private-pay basis and receive limited state or federal assistance.
- Nationally the significant growth in the private-pay assisted living industry in the 1990s fueled by ready debt and equity capital led to over building and thus an excessive supply of beds.
- Seniors living in a private-pay assisted living facility spend 60% to 80% of their income on the standard monthly fee.
- While a significant number of seniors have the financial resources to move into an assisted living facility, a large majority prefers independent living over an institutional environment. According US Census information, less than 5% of the seniors move from their residence each year as compared to 16% of all U.S. households.
- The base level market for private-pay assisted living includes seniors who have an annual income of at least \$18,000 and \$50,000 in total assets. This is based on a monthly charge of \$1,250 and a senior spending 80% of their income on this item. Seniors with incomes below that level will be unable to afford a private-pay facility.
- Most seniors with incomes between \$15,000 and \$25,000 will need to liquidate their assets or to receive financial assistance from their family to afford private-pay assisted living.
- As implied above, the large majority of facilities, including those operated by the County government, are private-pay and at present only a few facilities accept Medicaid residents.

**Affordable assisted living**

- Many seniors cannot afford private pay assisted living. Thus, to reduce the cost to these seniors, the facility needs to accept Medicaid assistance, provide some additional assistance, or partner with non-profits in some manner. With the 2005-6 state budget, the Medicaid reimbursement for assisted living is expected to increase to the \$1,800 - \$2,000 per month range.

Along with interviews and site visits, the following publications provided valuable information contained above:

*Affordable Assisted Living: Surveying the Possibilities.* Jenny Schuetz, Joint Center for Housing Studies at Harvard University, January 2003.

*Assisted Living Strategies for Changing Markets.* Jim Moore, 21st Century Senior Life Series, April 2001.



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## **Existing Market Conditions - Assisted Living Facilities**

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### **Overview**

As indicated previously and consistent with the state definition (NH RSA 151-E:2), assisted living facilities provide a level of care intended for seniors who need assistance with their activities of daily living, which might include meals, assistance with bathing and dressing, and medication supervision.<sup>1</sup> In New Hampshire, the NH Bureau of Health Facilities Administration, Department of Health and Human Services (HHS) license these facilities. In Vermont, these agencies fall under the jurisdiction of the VT Department of Aging and Independent Living.

The level of professional nursing services, registered nurse on call or on site, or certified nursing assistant, varies across these facilities. The State of Vermont divides residential care homes into two groups depending on the level of care they provide. Level III homes provide nursing overview, but not full-time nursing care. Level IV homes do not provide nursing overview or nursing care.<sup>2</sup>

According to the New Hampshire Department of HHS, there are 136 licensed assisted living facilities in the state, accounting for 4,115 beds. Six of these facilities representing 97 beds are located in Sullivan County. All six facilities are members of the Association of Residential Care Homes (NH-ARCH). The State of Vermont data lists eight Level III homes (81 beds) in Windsor County and no Level IV homes.

### **Product Observations / Pricing**

To assess the nature of this business and the demand for this type of facility, the consultant interviewed administrators at eleven facilities homes in the two-county area. Most facilities are older homes converted for this use and are owner-operated. In many cases, the owner/administrator is a registered nurse who has observed an increase in the demand for this level of care.

The number of licensed beds in the facilities surveyed ranges from nine (Horseshoe Pines, Goshen, NH) to 56 (Gill Odd Fellows Home, Windsor). The median size is approximately 15 residents. The number of occupants may actually be less as some rooms intended as doubles may be converted to private status (for a higher fee). Administrators report that the occupancy rate is high for all of facilities, including both private-pay and those that accept Medicaid.

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<sup>1</sup> NH Health Care Association. [www.nhca.org](http://www.nhca.org)

<sup>2</sup> State of Vermont, Agency of Human Services, Department of Aging and Independent Living. [www.dad.state.vt.us/ltcinfo/RCH](http://www.dad.state.vt.us/ltcinfo/RCH)

The charges at facilities that have a mix of private-pay residents and Medicaid-pay residents range from \$1500/month at Horseshoe Pines to \$2200/month at the Homestead in Woodstock, Vermont. Facilities that only accept private-pay residents charge significantly more and in some cases 100% or more. Sunapee Cove, a new facility located in Georges Mills, NH, just over the border in Sullivan County, charges between \$3,200 to \$6,000 per month depending on the size of the unit and services required. Individual units at Sunapee Cove include a living room, bedroom, full bath, and kitchenette with microwave and refrigerator. Residents are served three meals per day in the dining area. Charges at the Victorian House are approximately \$2,880/month. Victorian House is part of the larger Cedar Hill complex that offers a continuum of care from the Cedar Hill Nursing Home, assisted living at Victorian House and independent living at the Village at Cedar Hill.

The following observations are based on comments and anecdotal information obtained from the administrators contacted for this study:

- There is a greater need for adult day care as those who might typically qualify for assisted living care prefer to stay at home if their health and family conditions permit.
- State of New Hampshire staffing requirements are more stringent for adult day care facilities than for assisted living facilities and serve as a deterrent for offering such care.
- Seniors tend to wait too long to seek assisted living care, and when they do they are far less independent in their care requirements than is appropriate for an assisted living placement. They tend to require skilled nursing care and thus placement in a nursing home environment.
- Seniors with higher incomes tend to stay at home longer because they can afford to pay for in-home care.
- Assisted living facilities offer the best value for patients.
- The assisted living facility business is difficult to predict and the demand for beds is cyclical. Entry into such a facility is often "crisis or emergency driven" and typically seniors do not choose to enter solely on their own. Wait lists may not be a totally accurate indication of true demand as the need is usually immediate and if a particular facility is full at that time, seniors and their family explore other options.
- One administrator noted that there is no problem with vacancy even though there are many beds in the Windsor County area.
- The most recent significant change in the industry has been the increased need for dementia care.

- There is pressure from state agencies, particularly in Vermont, to offer more care at this level and to lower the standards for patient acuity. The State of Vermont has established a classification of "Enhanced Residential Care" for which a certain number of beds are licensed at the Level III Vermont homes. There is an additional state stipend paid for the care provided to these residents. These individuals would remain at the Level III care level as a less institutional alternative to nursing home as long as their needs could be met there.
- Private pay facilities have limited referral options in the area once an individual has exhausted funds and needs Medicaid assistance.

### **Inventory Summary**

The consultant identified 14 facilities in the two-county area and 11 provided information. Of the 11 facilities interviewed, two indicated that they did not accept Medicaid payment. The two facilities not accepting Medicaid were located in the high-income communities of Sunapee, NH and Woodstock, VT. Sunapee Cove is the newest with the most amenities and is the most expensive.

Of those facilities that indicated they accept Medicaid payments, the approximate number of residents who were Medicaid-pay ranged from as low as 25% to as high as 90%. The average is in the 60% range. The administrators contacted thought there was a need for additional beds, especially for low to moderate-income persons. The following table summarizes the information provided by the administrators or owners.

**Table 1: Assisted living facilities – Sullivan County, NH and Windsor County, VT**

<b>Facility</b>	<b>Licensed Beds</b>	<b>Occupancy</b>	<b>Accept Medicaid</b>	<b>Approx. % Medicaid</b>	<b>Monthly private pay rate</b>
<i><b>New Hampshire</b></i>					
Horseshoe Pines Goshen	9	Full	Yes	90%	\$1500
McCoy Home Newport	16	Full	Yes	25%	\$2000-\$2800
Peaceful Harvest Home Charlestown	12	2 vacancies	Yes	80%	\$2000 +
Silver Maples Claremont	10	Owner would not provide information			
Sunapee Cove Georges Mills	40	50%	No	---	\$3200 - \$6000
White Birch Claremont	10	Full	Yes	30%	\$2000 private
<i><b>Vermont</b></i>					
Brookwood North Springfield	15	Vacancies	Yes	60%	\$2000-\$2400
Davis Home Windsor	15	Full	Yes	60%	\$2000-\$2400
Evarts House Windsor	14	N/A			
Gill Odd Fellows Home Ludlow	6	Vacancies	Yes		
Homestead, Inc. Woodstock	23	Full	Yes		\$2200+
Stoughton House Windsor	23	N/A			
Victorian House at Cedar Hill, Windsor	13	Full	No	----	\$2880
Willows of Windsor Windsor	14	Full	Yes	60%	\$2000-\$2500

*Source: Interviews with administrators or owners, May 2005.*

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## Market Potential

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There are indications that Sullivan County, NH may be on the cusp of a period of increased growth as indicated by:

1. The on-going expansion of Dartmouth Hitchcock Medical Center coupled with the housing crunch in the Upper Valley of New Hampshire and Vermont will force employees to seek housing in Sullivan County.
2. Large capital investments of Home Depot and Lowe's in Claremont, NH and the planned redevelopment of the City's Mill District will stimulate growth.
3. Outward growth from the Keene area.
4. Spillover effect from the anticipated growth along the I-89 corridor and
5. Ripple effect from the planned expansion of the Mt. Sunapee Resort.

As mentioned earlier, those seniors with incomes above \$15,000 would be potential candidates for a private pay facility. In the \$15,000 to \$25,000 range, there are 470 persons, or 22%, between the ages of 65 and 74. Those with incomes below that level would require Medicaid assistance. There are 1,255 persons, or 58%, with incomes in excess of \$25,000 and would be definite candidates for a private-pay facility. With an average age of 80 + and an average stay of 2 ½ to 3 years, those seniors in the 65 to 74 year bracket represent a marginal segment of the market.

**Table 2: Income distribution of Sullivan County seniors ages 65-74, 2000**

Annual household income	# of households	% of households
Under \$10,000	241	11.2%
\$10,000-14,999	191	8.9%
\$15,000-24,999	470	21.8%
\$25,000-34,999	334	15.5%
\$35,000-49,999	328	15.2%
\$50,000 and over	593	27.5%

*Source: US Bureau of the Census, 2000*

Persons 75 years and over with incomes over \$25,000 represent the targeted market for an assisted living facility, which would be predominately private-pay. In 2000, there were 844 seniors that fell into that category in Sullivan County. Table 3 summarizes the data. Note that this data is from the 2000 Census and is more than five years old.

**Table 3: Income distribution of Sullivan County seniors ages 75 and older, 2000**

<b>Annual household income</b>	<b># of households</b>	<b>% of households</b>
Under \$10,000	376	20.0%
\$10,000-14,999	225	12.0%
\$15,000-24,999	435	23.1%
\$25,000-34,999	249	13.2%
\$35,000-49,999	221	11.8%
\$50,000 and over	374	19.9%

*Source: US Bureau of the Census, 2000*

Data from Table 4 indicates that during the 10-year period, 2005 to 2015, the population of those over 75 years in Sullivan County is expected to increase by 663 persons, which represents a 21% increase. This translates into an annual increase of about 2%. If the targeted market of persons 75 years and older with incomes over \$25,000 grows at this rate, the population of this group should be about 928 in 2005 and about 1,012 in 2010.

**Table 4: Sullivan County Population Projection, 2005 through 2025**

<b>Age</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
65-74	3794	5075	7173	9216	10443
75 and older	3164	3498	3827	4962	6719
Total	6958	8573	11000	14178	17162

*Source: New Hampshire Office of Energy and Planning, 2004*

Table 5 provides a procedure for estimating the net demand for new assisted living units in Sullivan County. This includes persons in all incomes. There is a net demand for 166 new units of assisted living. For the private-pay component, 45%, or 75 persons, have incomes in excess of \$25,000, and 32%, or 53 persons, have incomes in excess of \$35,000.

**Table 5: Estimated Demand for Assisted Living in Sullivan County, NH 2005**

Line	Category	Number	Comment
1	Unmet potential demand	3,164	Persons 75 years and over, 2005
2	Annual move-in rate	6%	Estimated
3	Annual effective demand	189	Line 1 x Line 2
4	Transfer from AS to SNF	6	97 x 6%
5	Total annual effective demand	195	Line 3 + Line 4
6	Existing supply	97	97 in NH
7	Occupancy rate	90%	Estimated
8	Annual turnover rate	33%	Estimated
9	Existing units available annually	29	Line 6 x Line 7 x Line 8
10	Net demand for new units	166	Line 5 – Line 9

## Architectural Program and Project Cost Estimate

The following is a summary of the proposed architectural program of spaces required for a typical 30 unit Assisted Living Facility. It is based on historical data through the research done for this report.

SPACE	QUANTITY	AREA	SUB-TOTAL
Living Units	30	350	10,500 SF
Common Area	500	500	500 SF
Dining Room	600	600	600SF
Kitchen	500	500	500 SF
Administration Area	1,000	1,000	1,000 SF
Sub-Total			13,100 SF
Add for circulation, mechanical, storage (30%)			3,900 SF
TOTAL GROSS AREA:			17,000 SF

The following is a **Project Cost Estimate** for a complete Assisted Living Facility, based on the program described above. The Owner's Costs are an estimate and can be refined as the project develops further.

Site Work		\$300,000
Building Construction	17,000 SF x \$150/SF	\$2,550,000
Contingency (10%)		\$285,000
Fees		\$280,000
Furniture, Fixtures and Equipment		\$150,000
Owner's Costs: Bond costs, reimbursables, survey, geotechnical engineering, testing and inspection, clerk-of-the-works, etc.		\$250,000
TOTAL PROJECT COST ESTIMATE		3,815,000



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## Building and Land Use Characteristics

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As mentioned, assisted living facilities have a residential / social component supplemented by a limited medical capability. In its administrative and programming procedures, the County needs to make a clear distinction between an assisted living facility and a nursing home. Location of an assisted living facility on the County Complex site in Unity, NH will have both positive and negative site characteristics. Location of a 30 bed assisted living facility at the County Complex has the following characteristics:

**Positive:** existing residential / medical facility, adequate county-owned land, abundant open space, existing express sewer line and known location for institutional residential use.

**Negative:** relative remoteness from shopping and social services, untested real estate market for assisted living and potential incompatibility with vacant existing buildings.

Based on the Architectural Program for a 30 unit facility, the land area required to site the project will likely be about two acres. This would allow for suitable parking and green space. If located in an urban environment, a smaller site could be acceptable. Ideally, the site would be served by public sewer and water as well as by three-phase power. The land should be relatively flat, in the 0 – 4% range, to allow for ease in pedestrian circulation.

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## Planning Questions

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As mentioned earlier, *Assisted Living Strategies for Changing Markets* by Jim Moore is an excellent reference for any organization considering developing an assisted living facility. In Chapter 5, "Developing an Assisted Living Community," the author provides a list of strategic planning questions that would be appropriate for Sullivan County to consider and evaluate.

1. *What is your anticipated resident profile?*

Does the County desire to continue to serve its current clientele, the low to moderate-income community of Sullivan County or does it intend to broaden the base? Since the decision to enter an assisted living facility is often made in a "crisis" situation, the majority of seniors will require assistance with two or more activities of daily living (ADLs). A significant percentage will have some type of memory loss.

2. *Which assisted living model will the County provide?*

This involves reaching agreement on the targeted market. The nursing home model is a medical/residential model while assisted living facilities tend to follow a residential/social model.

3. *How will the project interface with the total continuum of care?*

Addition of an assisted living component provides the County with two components of the continuum, which is attractive to potential residents.

4. *How will the County deliver assistance with the Activities of Daily Living (ADLs)?* Some facilities underestimate the residents' current and increasing needs for assistance with ADLs. Addressing this need requires proper staffing and partnership with community based elder service agencies. Residents and their families expect the facility to provide this service.

5. *What will be the County's overall design philosophy and strategy?*  
The County needs to identify the mix of units (1 or 2 bedrooms, studio) the approximate size of each unit, amount of common, dining area and administrative area and an appropriate site. The County should assume that the facility will meet all current fire safety and building code requirements. The services of a design professional will be needed.
6. *How much staffing will the facility require?*  
Labor costs represent over 60% of the total operating expenses of an assisted living facility and industry experience indicates the facility will require between .45 to .55 full time employees for every resident.
7. *What will be the financial commitment to develop and operate the facility?*  
A typical completed unit including all hard and soft costs will fall in the \$100,000 to \$130,000 range. A 30 unit facility will cost between \$3 million and \$3.9 million.
8. *How will the facility be priced?*  
The monthly residential fee needs to be competitive with other similar facilities and compare favorably with a nursing home. Seniors and their families will be "price shopping" as they explore alternatives.
9. *What are the initial occupancy and absorption expectations?*  
Identifying the time required to fully occupy the facility can be tricky. Having seniors ready to move into the facility upon its completion is the ideal situation.
10. *What will be the magnitude of the start-up losses?*  
Expect negative cash flows in the early months as costs are fixed from the start and it will take time to reach 80% to 85% occupancy, which is a typical break even point.

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## Case Studies

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### **The Ernest P. Barka Assisted Living Community at Rockingham County**

Rockingham County operates a well-managed and caring nursing home. The County's mission statement states that it serves the needs of low to moderate-income persons in Rockingham County. In the mid to late 1990s, the Rockingham County Commissioners realized that several factors contributed to the decline in the number of occupied beds at the County Nursing Home. The decline was due to staffing issues and the changing nature of the health care industry. At one point, the County Home was licensed for and realized an occupancy of 300 beds. The County understood the change that was occurring in the health care field and that a shift was happening from nursing home service to mid-level care of service.

At the same time, the State of New Hampshire restructured the delivery system for long term care by the passage of Senate Bill 409 in 1998, which became Chapter 151:E. In 1999, the County completed a feasibility study that identified the demand need and reviewed the financial forecast. After exploring different funding sources and conducting a financial due diligence, the County delegation approved a \$2.0 million general purpose obligation government improvement bond with more than the 2/3<sup>rd</sup> vote required. Construction started in 2001 and The Ernest P. Barka Assisted Living Community at Rockingham County opened its doors with 30 beds in March 2003. The late County Commissioner Barka, along with the other Commissioners, were the driving force behind the effort. The facility is very attractive and has a home-like atmosphere. Monthly charges range from \$1,650 (single room w/ shared bath) to \$3,300 (2 adjoining rooms w/ sitting room and private bath). At present, the County has a waiting list of 45 persons and is constructing an additional 19 beds adjacent to the existing facility. The Barka facility is entirely private-pay. The County reports that the facility experiences a financial loss. The County's license for nursing home beds will be reduced to 226 beds and the license for the assisted living facility will be 49 for a total of 275. Everyone, including the residents, appear to be very pleased with the outcome.

## **Cheshire County Assisted Living at Maplewood**

In 2002, Cheshire County opened 20 apartments as an assisted living facility to complement the nursing home. At present, the facility breaks even from an operating standpoint, which does not include principal and interest. The monthly fees range from \$1,700 for one person to \$2,550 for two persons in an apartment. The County considers the facility to be a more appropriate residence for seniors and furthermore it is more financially advantageous to subsidize the expense of an assisted living resident than to contribute the 25% for the cost of a resident in a nursing home.

A government general obligation financed the facility and at present there is no discussion of an expansion. The County reports that 25% of the residents are Medicaid and 75% are private-pay.

## **Granite Ledges of Concord – Capital Regional Health Care**

Granite Ledges of Concord, developed and owned by the Capital Regional Health Care Corporation and managed by the Genesis Health Corporation, is located on the campus of the Concord Hospital. Licensed for 90 beds and currently with occupancy of 76, Granite Ledges is a beautiful Victorian-style building situated on a nicely landscaped area. The facility is 100% private-pay and the monthly charge can range from \$3,675 to approximately \$5,000. The facility does not maintain a waiting list and believes it is not an accurate indicator of the demand.

## **John H. Whitaker Place, Penacook, NH**

The NH Division of Elder Services, in conjunction with the NH Housing Finance Authority, issued a request for proposals for a pilot project to implement an affordable assisted living facility using tax exempt bond financing, rental housing assistance and the state Medicaid waiver. Riverbend Community Health Center acted as the lead developer with participation from the Concord Regional Visiting Nurse Association and Covenant Health Systems, an experienced assisted living provider. The Whitaker Place opened in May 2000 and has 50 units, 42 one-bedroom, 2 two-bedrooms and 6 studios. All low-income units are one bedroom.

For the low-income units, the residents pay no more than 30% of their income, which is approximately \$700 per month. Service cost for low-income persons are approximately \$1,500 per month, of which Medicaid pays \$50 per day. Due to funding issues, the number of low-income has been reduced. Monthly rental fees for moderate-income persons are \$2,100 for a studio, \$2,600 for a one bedroom unit and \$3,000 for a two bedroom unit. The average age is 81 years and 90% of the residents receive assistance with ADLs, the majority being with the management of medicines.

## **Lessons Learned**

Development of an assisted living facility requires careful planning especially with regard to the design of the facility and its position in the real estate marketplace. An assisted living facility is a real estate product with a medical and social component and is subject to the demands of consumer preference in terms of size of the room, common area, location and affordability. The sponsoring organization is selling both a real estate product and a service to seniors. The sponsors of the four mentioned assisted living facilities had experience in either managing a nursing home or in a similar residential care facility. Major lessons learned include:

- **Location**

The facility should generally be located in an area attractive to the seniors because of its proximity to medical / social services, shopping and family and friends.

- **Pricing**

The market will be stable when monthly residential fees are in the \$1,700 to \$2,500 range. The demand will decline when monthly fees exceed \$3,000, except in high-income areas.

- **Partnerships**

Involvement with experienced social services agencies or health care management firms ensures that quality services are provided and that state and federal regulations are met.

- **Financial commitment**

In serving their client base, which tends to be the low to moderate income elderly, governmental bodies may break even or experience a financial loss.

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## Findings

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- Senate Bill 409 (now Chapter 151: E), enacted into law in 1998, expanded the concept of continuum of care and encourages mid-level facilities such as assisted living.
- Most assisted living facilities are entirely private-pay. However, in the Sullivan County, NH and Windsor, VT market, only two facilities reported that they were exclusively private-pay. The other nine facilities accept Medicaid.
- Seniors with incomes above \$18,000 are potential private-pay candidates.
- With the passage of the 2005-06 state budget, the State of New Hampshire expects to increase its Medicaid reimbursement level to the \$1,800 - \$2,000 range.
- Growth in the Upper Valley and Keene areas, spillover effect from the I-89 corridor and ripple effect from the expansion of Mt. Sunapee will fuel growth in Sullivan County.
- In 2000 in Sullivan County, there were 844 persons 75 years and over with incomes over \$25,000 which represents the target market for a private-pay assisted living facility. The 75 and over age group is expected to more than double in the 20 year period between 2005 and 2025.

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## Conclusions

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- There is a net demand for 166 new units of assisted living in Sullivan County. For the private-pay component, 45%, or 75 persons, have incomes in excess of \$25,000 and 32%, or 53 persons, have incomes in excess of \$35,000.
- There is a need and demand for an assisted living facility with 30 beds with a mix of private-pay and Medicaid assistance.
- Assisted living is a real estate product and is subject to consumer preference with regard to location, affordability and the services provided.
- Assuming the location and the services provided are desirable, the real estate marketplace in Sullivan County indicates that assisted living units priced in the range of \$2,000 to \$2,500 will be absorbed.

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## Appendix

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### Contacts

#### Genesis Health Care

Raymond Thivierge, Senior Vice President  
Arthur O'Leary, Vice President  
Kathleen Otte, Executive Director, Granite Ledges of Concord

#### County Government

Edward Gil de Rubio, County Manager, Sullivan County  
Mary Johnson, Interim Administrator, Sullivan County Nursing Home  
Greg Chanis, Facilities Manager  
William F. Sturtevant, Director of Long Term Care, Rockingham County  
Nancy L. Lang, Director, Ernest Barka Assisted Living Community  
Robert Hemenway, Assistant Administrator, Cheshire County Nursing Home

#### State Government

Douglas McNutt, Bureau Chief, Medicaid, Division of Elderly and Adult Services  
Theresa Jarvis, Bureau Chief-Licensure, DHHS, Health Facilities Administration

#### Assisted Living Facilities

##### *New Hampshire*

Ruby Guyette, Horseshoe Pines, Goshen  
Nancy McCoy, McCoy Home, Newport  
Cindy Carter, Peaceful Harvest Home, Charlestown  
Charles Racicot, Silver Maples, Claremont  
Susan Spadaro, Sunapee Cove, Georges Mills  
Carey Wahrlich, White Birch, Claremont

##### *Vermont*

Nancy Bourne, Brookwood, N. Springfield; Davis Home, Windsor  
Diane Blanchard, Gill Odd Fellows Home, Ludlow  
Tammy Earle, Homestead, Inc., Woodstock  
Mary Naumann, Willows of Windsor, Windsor